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BOOK 67 PAGE 861

Financing and Security Agreement dated as of July 1, 1975 between George Warnock ("Seller") and Homestake Mining Company ("HMC").

In connection with the Amended and Restated Ore Purchase Agreement dated as of January 1, 1975 between Seller and HMC ("Purchase Agreement"):

1. HMC has advanced to Seller on execution of the Purchase Agreement \$15,000, receipt of which Seller acknowledges subject to collection.

2. HMC shall make one or more further advances to Seller within ten days after receipt of written request by Seller, not in excess of an aggregate of \$25,000, solely for equipment and services used in developin, mining, removing and transporting Ore from the mining properties described in Sections 5 and 9 (at Seller's election) by either (a) paying invoices for such equipment and services bearing Seller's approval of payment or (b) reimbursing Seller for invoices actually paid by Seller which bear Seller's certificate of payment to such suppliers.

3. Advances so made by HMC shall be recovered (with interest on amounts from time to time outstanding at the rate of 8% per annum) by deduction by HMC from the purchase price otherwise payable to Seller pursuant to the Purchase Agreement for Ore at the greater of \$1.50 per pound of U3O8 contained in Ore, or \$7.50 per ton of Ore, delivered to HMC under the Purchase Agreement. Any amount not so recovered by HMC by December 31, 1976 shall be paid by Seller to HMC without notice or demand.

4. Seller represents that there has been no material change in the assets and liabilities of Seller from those stated in the balance sheet dated as of January 1, 1975 attached as Appendix 2 to the Feasibility Study for the Haystack Uranium Project dated March, 1975.

5. Seller represents that the mining properties and the leases thereof are free from any liens or encumbrances and that unpaid costs of equipment, materials and services furnished for exploration and development of the mining properties do not exceed \$25,000.00.

6. HMC shall have no obligation to make further advances and the entire amount of any advances then outstanding shall become immediately due and payable, if (a) any representation by Seller in the Purchase Agreement or in this Agreement is untrue, (b) Seller becomes insolvent or commits an act of bankruptcy, (c) operation of the mining properties is suspended for thirty days or more by any reason other than Force Majeure, (d) Seller dies or becomes disabled, (e) judgment is entered against Seller or any adjudication

of a valid lien on the mining properties or the leases thereof in favor of creditors, laborers or materialmen of Seller, (f) HMC reasonably deems itself insecure as to recovery or payment of advances, (g) Seller defaults in the performance of Seller's obligations under the Purchase Agreement or the leases of the mining properties or (h) the Purchase Agreement is terminated before delivery of 100,000 pounds of U3O8 contained in Ore. Upon the occurrence of any such event, HMC shall apply any amount then owed to Seller by HMC under the Purchase Agreement in reduction of the outstanding advances (and interest thereon) and shall pay any excess to Seller as provided in the Purchase Agreement.

7. Until all such advances (and interest thereon) are repaid in full, Seller shall not assign or encumber any interest in the mining properties or the leases thereof or any amounts to be paid to Seller pursuant to the Purchase Agreement.

8. If Seller should default under this Agreement before all such advances are paid in full with interest, Seller grants HMC the right (subject to the consent of the lessor which consent Seller shall use diligent efforts to obtain) to enter the Mining Property, to remove uranium-bearing ores and associated minerals therefrom and to deliver such ores and minerals to HMC in place of Buyer and to credit the purchase price payable for Ore pursuant to the Purchase Agreement (less HMC's cost of mining, removal and transportation plus an allowance of 10% of such costs for general or administrative expense) against outstanding advances and interest thereon. The Mining Property shall mean the properties leased to Seller under a certain lease dated June 12, 1974 between Seller and the United States of America represented by the United States Atomic Energy Commission designated Mining Lease No. AT(05-1)-HL-60.8-NM-B-1 which are described as Tract No. NM-B-1 located in the SE/4 and the S/2 N/2 of Section 13, Township 13 North, Range 11 West, N.M.P.M., containing 320 acres, more or less, in McKinley County, New Mexico.

9. Until all such advances are paid in full with interest, Seller hereby assigns to HMC (subject to the consent of the lessor which consent Seller shall use diligent efforts to obtain) for security only, all its right, title and interest under a certain lease between Seller and Santa Fe Pacific Railroad Company dated April 15, 1975 of certain property located in the N/2 NW/4 of Section 19, Township 13 North, Range 10 West, N.M.P.M. in McKinley County, New Mexico, and grants HMC if Seller should default under this Agreement the rights granted to HMC in Section 8 with respect to such Santa Fe property.

10. At HMC's request Seller shall deliver to HMC one or more Financing Statements and other security agreements reasonably requested by HMC to better protect and secure HMC's security interest in the mining leases and its right to apply amounts payable under the Purchase Agreement against outstanding advances.



11. Seller represents that Seller has no homestead rights in the mining Properties or the lease thereof and expressly waives any such right hereafter arising.

*George Warnock*  
George Warnock

HOMESTAKE MINING COMPANY

By *R. J. Stoeher*  
Senior Vice President

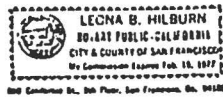
STATE OF NEW MEXICO  
COUNTY OF MCJUNKLEY

Filed for record in the Clerk's office  
the 14th day of *June*  
A. D. 1975 at *10:31 a.m.*  
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*County Clerk*  
STATE OF CALIFORNIA

OFFICE OF THE  
CLERK  
JUN 11 10 31 AM '75  
MCJUNKLEY COUNTY

City and County of San Francisco

The foregoing was acknowledged before me on *July 1*,  
1975, by GEORGE WARNOCK.

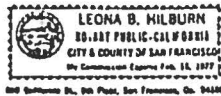


*Leona B. Hilburn*  
Notary Public  
LEONA B. HILBURN

STATE OF CALIFORNIA

City and County of San Francisco

The foregoing was acknowledged before me on *July 1*,  
1975, by R. J. STOEHR, known to me to be the Senior Vice President  
of HOMESTAKE MINING COMPANY



*Leona B. Hilburn*  
Notary Public  
LEONA B. HILBURN

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